

BASKA URANIUM MINES LIMITED

Suite 21 - 10 Adelaide St. E.
TORONTO 1, CANADA

Shareholders of
BASKA URANIUM MINES LIMITED.

Your Directors submit herewith the Balance Sheet of your Company as of December 31, 1964, together with the related statements of deferred development and administrative costs of the Company, and a resume of the past year's work.

Rio Algom Mines, through Vauze Mines, conducted a surface exploration program on the Baska-Marcon claims in Rainboth Township, Joutel Area, northwestern Quebec. Approximately \$20,000.00 was spent and less than 1,000 feet of drilling was completed. This program was disrupted when Rio Algom Mines sold its control of Vauze Mines to a new group. The Baska-Marcon property is approximately 1½ miles southwest of the Rio Algom claims, which is now being readied for production with more than a million tons of 3% copper outlined. Your Company plans further drilling this summer on its Baska-Marcon claims.

Last summer 18 claims were staked in Hanna Township in the Timmins Area. Magnetometer and E.M. surveys were carried out, also an I.P. survey, conducted by McPhar Geophysics Limited. The McPhar survey revealed three anomalous areas. The areas were tested by diamond drilling, but the results did not warrant further work at that time.

During the year your Company purchased outright a group of claims in the Timmins Area. These claims were acquired because of an important surface find made by Silvermaque Mines Limited. That the area has mine-finding possibilities is evidenced by the companies who have acquired adjacent ground. These include Noranda, Phelps Dodge, International Nickel and others. The Timmins Area has been in the news because of the fabulous mineral strike made by Texas Gulf Sulphur Company of the U.S.A.

Of special importance to your Company is the recent announcement by Mr. W. M. Gilchrist, president of Eldorado Mining & Refining Company. Eldorado is the chief buyer of uranium in Canada. In a letter to The Hon. Mitchell Sharp, Minister of Trade and Commerce, Mr. Gilchrist said: "It now appears that a renewal of demand (uranium) is already on our doorstep, and that the quantities involved and the probable urgencies of delivery are much greater than had been contemplated."

As early shareholders of Baska Uranium Mines Limited know, the Company was incorporated on a uranium find in the Beaver Lodge Area. At present it holds a group of claims at Virgin Lake, Uranium City, Saskatchewan. Exploration and drilling on these claims outlined sufficient ore to drive an adit for production. The property is idle at the present time, but in view of the growing interest in uranium it could be important.

From the foregoing you can see that your Directors have not been idle during 1964 in their pursuit of opportunities for the Company. This policy will be continued throughout 1965.

Respectfully submitted,

On behalf of the Board,

J. DOUGLAS STREIT,
President.

Toronto, Ontario,
May 3, 1965.

BASKA URANIUM MINES LIMITED

(Incorporated under the laws of the Province of Saskatchewan)

Balance Sheet as at December 31, 1964

ASSETS

CURRENT ASSETS:

Cash		\$	12,320.69
Marketable securities, at cost (quoted market value \$69,482.50)	\$	96,448.11	
Less allowance for decline in value of marketable securities		26,965.61	69,482.50
Due from broker			3,842.58
Total current assets			<u>85,645.77</u>

MINING PROPERTIES:

Claims located at Uranium City, Saskatchewan, acquired by staking, at cost	848.00	
Claims located in Zavitz Township, Ontario, at cost	1,200.00	
Option on claims located in Rainboth Township, District of Abitibi, Quebec (Note)	7,500.00	9,548.00

OTHER ASSETS AND DEFERRED EXPENDITURES:

Prepaid expenses	100.00	
Buildings and equipment, at nominal value	1.00	
Deferred exploration, development and administrative expenditures (per attached)	974,330.59	974,431.59
		<u>\$ 1,069,625.36</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$	4,670.63
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SHAREHOLDERS' EQUITY:

Capital Stock:		
Authorized:		
7,000,000 shares of no par value		
Issued and fully paid:		
6,800,000 shares	\$ 1,701,669.50	
Deficit (per attached)	636,714.77	1,064,954.73
		<u>\$ 1,069,625.36</u>

Approved on behalf of the Board:

J. DOUGLAS STREIT, Director.

HUGH T. BORTHWICK, Director.

AUDITORS' REPORT

To the Shareholders,
BASKA URANIUM MINES LIMITED.

We have examined the balance sheet of Baska Uranium Mines Limited as at December 31, 1964 and the statements of deficit and deferred exploration, development and administrative expenditures for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of deficit and deferred exploration, development and administrative expenditures, when read in conjunction with the notes appended thereto, present fairly the financial position of the company as at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with prior years.

Toronto, Canada,
January 29th, 1965.

LEVER, HOSKIN, CHAGNON & MACGILLIVRAY,
Chartered Accountants.

BASKA URANIUM MINES LIMITED

Statement of Deferred Exploration and Development Expenditures

For the year ended December 31, 1964

RAINBOTH TOWNSHIP — Quebec

General wages	\$3,516.96	
Cookery expense	984.28	
Employee benefits	135.25	
Prospecting supplies	323.94	
Transportation expense	456.51	
Travel	650.81	
Geological survey	2,500.00	
Diamond drilling	4,914.00	
Line cutting	1,111.50	
Rental of equipment	1,752.20	
Recording fees and licenses	572.50	
Maps	75.20	
Consulting fees	1,000.00	
Management fees and supervision	1,873.34	\$19,866.49

HANNA TOWNSHIP — Timmins Area

Staking	1,537.20	
Geological and magnetometer survey	3,237.50	
I.P. Survey	1,692.44	
Transportation	75.00	
Recording fees and licenses	199.00	
Line cutting	1,697.50	8,438.64

WILSON LAKE — Ontario

Consulting fee and expenses	538.10	
Transportation	199.90	
Field assays	112.50	850.50

DOT GROUP — Uranium City

Taxes	97.00	
Lease rental	115.00	212.00

Total expenditures in the year		<u>\$29,367.63</u>
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Statement of Deferred Administrative Expenditures

For the year ended December 31, 1964

Legal and audit		\$ 1,054.00
Interest and bank charges		191.93
Shareholders information		1,183.97
Salaries		6,000.00
Head office services		1,200.00
General		492.31
Saskatchewan office rent		100.00
Transfer agent expense		1,617.55
		<u>11,839.76</u>

Less:

Dividend and interest income	\$1,492.48	
Overprovision of transfer agents' fees and expenses in prior years	2,138.08	3,630.56
Total expenditures in the year		<u>\$ 8,209.20</u>

BASKA URANIUM MINES LIMITED

Statement of Deficit

For the year ended December 31, 1964

Balance December 31, 1963			\$332,056.63
Add			
Cost of mining properties written off —			
Applicable to prior years			
Saskatchewan	\$120,039.30		
Ontario	4,475.00		
Quebec	38,000.00	\$162,514.30	
Option on claims in Berneal Township, Quebec, abandoned		500.00	
Organization expenses written off		2,787.00	
Exploration and development expenditures on abandoned mining properties written off —			
Applicable to prior years			
Quebec	45,320.14		
Ontario	2,452.00		
	47,772.14		
Applicable to current year			
Wilson Lake, Quebec	850.50	48,622.64	
Exploration and development expenditures applicable to prior years on Lake Erie gas property written off		65,069.76	
Buildings and equipment at Uranium City, Saskatchewan written down to nominal value		36,297.72	
Deferred administrative costs applicable to abandoned properties		14,867.07	
		330,658.49	
Less			
Gain on sale of securities sold in the year	7,505.96		
Decrease in allowance for decline in value of marketable securities	18,494.39	26,000.35	304,658.14
Balance December 31, 1964			<u>\$636,714.77</u>

NOTES TO FINANCIAL STATEMENTS — DECEMBER 31, 1964

1. The agreement between Vauze Mines Limited and the Company dated November 1, 1963, was terminated on December 1, 1964. Under the terms of the agreement, Vauze Mines Limited was to explore and develop the 28 claims in Rainboth Township, District of Abitibi, Quebec, held jointly by the Company and Marcon Mines Limited.
2. These jointly held claims were obtained under the terms of an option agreement dated October 1, 1960. The consideration to be paid the vendor was \$15,000.00 cash and either, 30% of the vendor shares of a new company to be authorized, 90% of which would be held in escrow, or allot and issue to the vendor 150,000 treasury shares of the capital stock of Baska Uranium Mines and 150,000 treasury shares of Marcon Mines Limited, 90% of which shares shall be escrowed shares within one year of the acceptance of this agreement by the Toronto Stock Exchange. The terms of this agreement have been extended to November 2, 1965.

BASKA URANIUM MINES LIMITED

Statement of Deferred Exploration, Development and Administrative Expenditures

For the year ended December 31, 1964

EXPLORATION EXPENDITURES:

Balance, December 31, 1963	\$941,317.63		
Add expenditures in the year (per schedule)	29,367.63	\$970,685.26	
Deduct expenditures written off to deficit, Wilson Lake, Ontario	850.50		
Applicable to prior years			
Ontario, sundry properties	\$ 2,452.00		
Quebec, sundry properties	45,320.14		
Lake Erie, gas property	65,069.76	112,841.90	113,692.40
Balance, December 31, 1964			856,992.86

ADMINISTRATIVE EXPENDITURES:

Balance, December 31, 1963	123,995.60		
Add expenditures in year (per schedule)	8,209.20		
		132,204.80	
Deduct portion of expenditures applicable to abandoned properties	14,867.07		
Balance, December 31, 1964			117,337.73
Balance deferred December 31, 1964			<u>\$974,330.59</u>

BASKA URANIUM MINES LIMITED

Incorporated and Registered under the Companies Act of the Province of Saskatchewan

CAPITAL STOCK

Authorized — 7,000,000 shares of No Par Value

OFFICERS

J. DOUGLAS STREIT - - - - - *President*
J. BRADLEY STREIT - - - - - *Vice-President*
HUGH T. BORTHWICK - - - - - *Secretary-Treasurer*

DIRECTORS

J. BRADLEY STREIT - - - - - Toronto, Ontario
J. DOUGLAS STREIT - - - - - Toronto, Ontario
HUGH T. BORTHWICK - - - - - Toronto, Ontario
JAMES C. STEPHEN - - - - - Regina, Saskatchewan
WILLIAM REARDEN - - - - - Toronto, Ontario

HEAD OFFICE

3714 Albert Street - - - - - Regina, Saskatchewan

EXECUTIVE OFFICE

80 Richmond Street West - - - - - Toronto, Ontario

TRANSFER AGENTS

THE GUARANTY TRUST COMPANY OF CANADA
Toronto, Ontario Regina, Saskatchewan

AUDITORS

LEVER, HOSKIN, CHAGNON & MACGILLIVRAY
Chartered Accountants
Toronto, Ontario